

MINUTES
AUDIT SUBCOMMITTEE
OF THE
LEGISLATIVE MANAGEMENT COMMITTEE

The Audit Subcommittee of the Legislative Management Committee met in Room 220, Senate Building, Salt Lake City, Utah, Tuesday, May 5, 2015, from 9:00 a.m.to12:00 p.m.

Committee Members Present: President Wayne Niederhauser, Co-Chairman
Speaker Gregory Hughes, Co-Chairman
Excused Senator Gene Davis
Representative Brian King

Legislative Audit Staff: John Schaff, Auditor General
Rick Coleman, Deputy Auditor General
Tim Osterstock, Audit Manager
Darin Underwood, Audit Manager
Lynda Maynard, Recording Secretary
Lauri Felt, Legis Secretary
David Gibson, Audit Supervisor
James Behunin, Audit Supervisor
Anndrea Parrish, Legis Lead Auditor
Tyson Cabulagan, Perf Auditor
Wayne Kidd, Audit Supervisor
Jake Dinsdale, Sr. Perf Auditor
Katherine Stanfill, Perf Auditor
Leah Blevins, Audit Supervisor
Hillary Galvin, Sr. Perf Auditor

Other Interested Parties: Eric Millis, PD, Dir., Div of Water Resources (DWR)
Eric Klotz, Section Chief, DW
Todd Adams, Deputy Dir., DWR
Jim Egbert, Budget Officer, DWR
Bill Leeftang, Section Chief, DWR
Michael Styler, Exec Director, Dept of Natl.

Resources

Boyd Clayton, Dept of Natl Resources, Water

Right

Zachary Frankel, Utah River Council
Todd Rupp, Deputy Exec Dir., Ut Retirement Systems
Dee Larsen, Legal Counsel, Ut Retirement

Systems

Kathy Jones-Price, URS Board
Rep Rich Cunningham, House of

Representatives

Evan Curtis, GOMB

Judy Fahys, *KUER News*
Peter Samore, *KSL Radio*
Brett Prettyman, *SL Tribune*
Michelle Price, *Associated Press*
Glen Mills, *ABC4*
Kiersten Nunez, *FOX13*
Others as Listed

1. Call to Order

President Niederhauser called the meeting to order at 9:00 a.m.

2. Approval of Minutes

Motion: Speaker Hughes made a motion that the minutes from December 18, 2014 Audit Subcommittee meeting be approved. The motion passed unanimously.

3a. A Performance Audit of Projections of Utah's Water Needs (Report #2015-01)

Presented by: James Behunin, Audit Supervisor

Discussion following Presentation

Eric Millis, PE, Director, Division of Water Resources (DWR), acknowledged and expressed appreciation to the Legislative Auditor General and his staff for their considerable work on the audit and said that his office agreed with many of the audit conclusions and recommendations.

Mr. Millis said that the Division of Water Resources will be able to improve the data, improve their processes and push water conservation further with the findings from the audit and he believes that DWR has a multi-faceted solution to the multi-faceted challenges and believes that better data will help to balance out the different elements of the multi-faceted plan.

Michael Styler, Exec Director, Dept of Natl. Resources (DNR), told the Audit Subcommittee that the audits presented by the Office of the Legislative Auditor General have given DNR important management tools and he believes the current audit will give them help in implementing better policies to predict future water use and they are looking to implementing the suggestions made in the audit.

Motion: Speaker Hughes made a motion that the **Performance Audit of Projections of Utah's Water Needs (Report #2015-01)**, be referred to the Natural Resources, Agriculture & Environmental Quality Appropriations Subcommittee, the Natural Resources, Agriculture & Environment Interim Committee and the State Water Development Commission with the following instructions— To

report back to this Audit Subcommittee that after review they are satisfied with the report and the agencies' response and that there is no further action required or that they have reviewed the audit, the agencies' response and they have recommendations for policy or statutory changes. The motion passed unanimously.

3b. A Performance Audit of URS' Management and Investment Practices(Report #2015-03)

Presented by: Wayne Kidd, Audit Supervisor

Discussion following Presentation

Todd Rupp, Deputy Executive Director, Utah Retirement Systems explained that Dan Anderson, URS Executive Director, scheduling conflict and was unable to attend the meeting.

Mr. Rupp said that URS is always looking for ways to improve their processes and they appreciate this independent review and the recommendations provided in the review and will present the audit and findings to their board and will explore ways to facilitate the implementation of the recommendations consistent with URS' purpose and fiduciary responsibility.

Dee Larsen, Legal Counsel, Utah Retirement Systems, told the Audit Subcommittee that URS recognizes that retirement issues before the Legislature are critically important to the Legislature and the stakeholders.

Mr. Larsen addressed investment issues, with allocations, and some transparency concerns.

- URS is focusing on retirement by administering the defined benefit plan.
- There needs to be accountability oversight and URS is working toward bringing transparency.
- Utah provides efficiencies and economics of scale by having a combined retirement system that handles all public employees for the state.
- Every three years URS' actuary firm looks back at all investments, employment history, all the different assumptions that go into the calculation of the contribution rate.

Motion: Representative King made a motion that the **Performance Audit of URS' Management and Investment Practices (Report #2015-03)**, be referred to Retirement and Independent Entities Interim Committee and the Executive Appropriations Committee requesting that they report back to this Audit Subcommittee that after review they are satisfied with the report and the agencies' response and that there is no further action required or that they have reviewed the audit, the agencies' response and they have recommendations for policy or statutory changes. The motion passed unanimously.

3c. A Performance Audit of DWS Customer Service and Follow-up (Report #2015-02)

Note: This audit was not presented in the Subcommittee Meeting but copies were available to the public.

Motion: Representative King made a motion that the **Performance Audit of DWS Customer Service and Follow-up (Report #2015-02)**, be referred to Economic Development and Workforce Services Interim Committee requesting that they report back to this Audit Subcommittee that after review they are satisfied with the report and the agencies' response and that there is no further action required or that they have reviewed the audit, the agencies' response and they have recommendations for policy or statutory changes. The motion passed unanimously.

4. Performance Metrics from the Office of the Legislative Auditor General

John Schaff, Auditor General, presented the Performance Metrics for the Office of the Legislative Auditor General and highlighted the following:

- The Auditor General's audits are controlled by the Audit Subcommittee
- An audit is of no value if recommendations cannot be implemented; the action taken by the Audit Subcommittee to have audits come back from the committees they're referred to with action taken further enhances the assurance that recommendations will be implemented.
- It is difficult to track recommendations made to the Legislature because it is to be "considered" and they have to act and "considering" is an action.
- The Auditor General's Office is trying in-house to develop methodology to make the audit process more efficient.

5. Approved Practices and Policies of the Legislative Audit Subcommittee

John Schaff, Auditor General, explained that everything in the Practices and Policies, with the exceptions of the policies required by **Utah Code**, is adopted by the Audit Subcommittee; the committee can, at any time, discuss and change the policies.

Speaker Hughes requested that the Subcommittee look at the practice described as "**Embargo**", particularly providing copies to the media. Speaker Hughes requested that a discussion of this particular practice be discussed as a future agenda item.

The Subcommittee members discussed the practice of chairing the Audit Subcommittee and it was decided that the Chair and Co-Chair would alternate the chairing of the meetings.

President Niederhauser asked that the Audit Subcommittee add a report process to the policies, with boilerplate language, for committees the reports are referred to requesting the committee have an in-depth review of the audit, returning to the Audit Subcommittee indicating "action" needed or "no action" needed and explaining why.

Motion: Representative King made a motion that the Audit Subcommittee adopt the Approved Practices and Policies of the Legislative Audit Subcommittee, as discussed, with the condition that the committee will address the question of **Embargo** copies as a future agenda item. The motion was passed unanimously.

6. Prioritization of Audit Requests

Motion: Representative King made a motion that the following audit requests be prioritized and placed on the Future Audits list:

- UDOT Sound Walls plus survey work
- Water Improvement Districts
- Communications Between Risk Management and Employees of Public Education.

The motion was passed unanimously.

7. Adjourn

President Niederhauser adjourned the meeting at 12:00 pm.

**MINUTES
AUDIT SUBCOMMITTEE
OF THE
LEGISLATIVE MANAGEMENT COMMITTEE**

The Audit Subcommittee of the Legislative Management Committee met in Room 220, Senate Building, Salt Lake City, Utah, Tuesday, June 24, 2014, from 4:15 .pm. to 5:15 p.m.

Committee Members Present: President Wayne Niederhauser, Co-Chairman
Speaker Rebecca Lockhart, Co-Chairman
Senator Gene Davis

Excused Representative Jennifer Seelig

Legislative Audit Staff: John Schaff, Auditor General
Rick Coleman, Deputy Auditor General
Tim Osterstock, Audit Manager
Darin Underwood, Audit Manager
Lynda Maynard, Recording Secretary
Wayne Kidd, Audit Supervisor
Tim Bereece, Audit Supervisor
Leah Blevins, Audit Supervisor
David Gibson, Audit Supervisor
Anndrea Parrish, Legis Lead Auditor
Michael Allred, Sr Perf Auditor
Chris McClelland, Sr Perf Auditor
Hillary Galvin, Sr. Perf Auditor
Matthew Harvey, Sr. Perf Auditor

Other Interested Parties: Paul Patrick, Bureau Dir., Bureau of
Emergency Medical Services and
Preparedness (BEMS)
Jolene Whitney, Deputy Bureau Dir, BEMS
Dr. David Patton, Exec. Dir., Dept of Health
Gary Bath, OIA, UDOH
Darin Dennis, UDOH
Gordon Younker, Exec Vice Pres., UACD
Larry Lewis, Communications Director., UDAF
Robert Hougaard, Dir., Plant Industry and
Conservation Division,UDAF
Brenda Hale, Deputy Superintendent, USOE
Ryan Peterson, Orem Fire
Lynn Schofield, Provo Fire
Dean York, Provo Fire
Bryson Westbrook, Mountain West Ambulance
Tracy Schaffer, Mountain West Ambulance
Rep Douglas Sagers, House of Representatives
Evan Curtis, GOMP
John Dougall, Utah State Auditor

Kent Beers, Exec Dir., Utah Dept of Purchasing
Pamela Monson, *Salt Lake Tribune*
Ben Wood, *Deseret News*

1. Call to Order

President Niederhauser

2. Approval of Minutes

Motion: Speaker Lockhart made a motion that the minutes from February 4, 2014 Audit Subcommittee meeting be approved. The motion passed unanimously.

3a. A Performance Audit of the Bureau of Emergency Medical Services and Preparedness (BEMS) (Report #2014-04)

Presented by: Tim Bereece, Audit Supervisor

Discussion following Presentation

Dr. David Patton, Executive Director, Bureau of Emergency Medical Services and Preparedness told the Audit Subcommittee the Bureau welcomes the results of the audit and believes it will help improve the direction the Bureau is heading and many of the recommendations have been implemented which is addressing a lot of what needs to be done.

Paul Patrick, Bureau Director, Bureau of Emergency Medical Services and Preparedness addressed the findings in the audit. The Bureau has accepted all recommendations and have put them into five major categories and will provide the necessary resources and time to implement them:

First - Compliance, Investigation and Enforcement

Second - Licensing

Third - Financial

Fourth - Resolution of the Utah County Ambulance Issues, and

Fifth - Continue to image their records.

Motion: Speaker Lockhart made a motion that the **Performance Audit of the Bureau of Emergency Medical Services and Preparedness (BEMS) (#2014-01)**, be referred to the Social Services Appropriations Subcommittee and the Health and Human Services Interim Committee. The motion passed unanimously.

3b. A Performance Audit of the Governance of Conservation Districts (Report #2014-03)

Presented by: Wayne Kidd, Audit Supervisor

Discussion following Presentation

Robert Hougaard, Director, Plant Industry and Conservation Division, Utah Department of Agriculture and Food (UDAF), read a statement from LuAnn Adams, Utah Commissioner of Agriculture and Food, who sent her apologies for being unable to be in attendance.

The statement summary was that UDAF agrees with the audit and identifies several positive changes that would allow the Conservation Districts to focus their efforts and funding on what they were created to do, preserve the soil and water resources of Utah. They also recognize the fine work of the conservation employees and support the opportunity to improve the delivery of conservation measures to the districts and to streamline the system and funding.

Motion: Speaker Lockhart made a motion that the **Performance Audit of the Governance of Conservation Districts (#2014-03)**, be referred to the Natural Resources, Agriculture and Environmental Quality Appropriations Subcommittee; the Natural Resources, Agriculture and Environment Interim Committee; and, the State Water Development Commission. The motion passed unanimously.

In response to a question from Speaker Lockhart concerning intent language, President Niederhauser told the Committee that John Schaff, Auditor General, would meet with the fiscal analyst and report back to the Audit Subcommittee at the next meet with clarification of the intent language for pass through funds and how they are to be spent.

3c. A Review of Allegations Concerning the Math Textbook Procurement (Report #2014-05)

Presented by: Leah Blevins, Audit Supervisor

Note: No official response was given to the audit presentation.

Motion: Speaker Lockhart made a motion that the **Review of Allegations Concerning the Math Textbook Procurement (#2014-05)**, be referred to the Government Operations Interim Committee and the Education Interim Committee. The motion passed unanimously.

4. New Audit Request

John Schaff, Auditor General, referred the Committee to the Audits-in Process Report in their packets and the seven new audit requests.

Motion: Speaker Lockhart made a motion that the **“hold”** on the request

for a Risk Survey of the Attorney General's Office be lifted and moved to the "Future Audits" list; also, the following audit requests be moved to the "Future Audits" list:

- Poison Control Center
- Follow-up of Higher Education Operations & Maintenance (O&M) Funding, combined with Capital Improvement Funding, and
- DFCM Construction Contracting Issues. The motion passed unanimously.

5. Adjournment

President Niederhauser adjourned the meeting at 5:15 pm

**MINUTES
AUDIT SUBCOMMITTEE
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The Audit Subcommittee of the Legislative Management Committee met in Room 220, Senate Building, Salt Lake City, Utah, Tuesday, February 4, 2014, from 3:30 pm to 5:30 p.m.

Committee Members Present: President Wayne Niederhauser, Co-Chairman
Speaker Rebecca Lockhart, Co-Chairman
Senator Gene Davis
Representative Jennifer Seelig

Legislative Audit Staff: John Schaff, Auditor General
Rick Coleman, Deputy Auditor General
Tim Osterstock, Audit Manager
Darin Underwood, Audit Manager
Lynda Maynard, Recording Secretary
James Behunin, Audit Supervisor
Leah Blevins, Audit Supervisor
Craig Monson, Consultant
David Gibson, Audit Supervisor
Chris McClelland, Perf Auditor

Other Interested Parties: Rob Cuff, Exec Director, UHSAA
Craig Hammer, Chair, Executive Committee,
UHSAA
Bart Thompson, Asst. Director, UHSAA
David Spatafore, Political Consultant, UHSAA
Mike Anderson, Jordan
Susan Edwards, CSD
Alex Wallace, CSD
USOE Martrell Menlove, Ph.D., State Superintendent,
Madison Daises

1. Call to Order

President Niederhauser

2. Approval of Minutes

Motion: Speaker Lockhart made a motion that the minutes from November 19, 2013 Audit Subcommittee meeting be approved. The motion passed unanimously.

3a. A Performance Audit of Utah High School Activities Association (UHSAA) (Report #2014-01)

Presented by: David Gibson, Audit Supervisor

Discussion following Presentation

Rob Cuff, Exec Director, Utah High School Activities Association (UHSAA), said that the audit will be extremely useful to the UHSAA Board of Trustees and to their staff which is made up of elected school board members, superintendents representing all regions; including charter schools and private school representatives, principals from the five classifications and the State Board of Education representative.

President Niederhauser asked Mr. Cuff if he has considered a parent advisory group.

Mr. Cuff indicated that the Board has not but will consider that suggestion.

Mr. Cuff concluded by telling the subcommittee members that the UHSAA is committed to—

- stressing educational and cultural values
- improving the participation experience in activities
- promoting life skills and lessons involved in competitive activities
- foster sportsmanship and mutual respect
- assisting those who oversee high school sports and activities in UHSAA member high schools.

Motion: Speaker Lockhart made a motion that the Performance Audit of Utah High School Activities Association (UHSAA) (#2014-01), be referred to the Senate Education Standing Committee and the House Education Standing. The motion passed unanimously

3b. A Review of Best Practices in Utah School Districts (Report #2014-02)

Presented by: James Behunin, Audit Supervisor

Discussion following Presentation

Superintendent Menlove, State Board of Education, told the audit subcommittee that the Board has recently made changes to their rules that requires buildings, schools and their safety plans to address access to their buildings. Superintendent Menlove also mentioned they have four Regional Service Centers that provide services for special education, accounting, distribution of materials, technology and maintaining and supporting technology.

Superintendent Menlove concluded by saying that there are positive things in this audit report that the Board can share and can incorporate.

Motion: Speaker Lockhart made a motion that the Review of Best Practices in Utah School Districts (#2014-02), be referred to the Senate

Education Standing Committee and the House Education Standing. The motion passed unanimously.

4. New Audit Request

John Schaff, Auditor General, requested that a new audit request of allegations regarding grades 7 and 8 math textbook procurement be included in a current ongoing audit of the Western States Contracting Alliance (WSCA) and that the 2011 request for an audit of Salt Lake County Public Safety Financial Analysis be dropped from the list.

Motion: Speaker Lockhart made a motion that the requests for an audit of the Utah Retirement System be approved and an audit of DTS Consolidation Efficiency & Service Rates be approved. The motion passed unanimously.

Motion: Senator Davis made a motion that the new request for an audit of Allegations Regarding Grades 7 and 8 Math Textbook Procurement be include with the current ongoing audit of the Western States Contracting Alliance (WSCA). The motion passed unanimously.

Motion: Senator Davis made a motion that the 2011 request for an audit of Salt Lake County Public Safety Financial Analysis be removed from the “Requested Audits”. The motion passed unanimously.

5. Adjournment

President Niederhauser adjourned the meeting at 5:30 pm

**MINUTES
AUDIT SUBCOMMITTEE
OF THE
LEGISLATIVE MANAGEMENT COMMITTEE**

The Audit Subcommittee of the Legislative Management Committee met in Room 250, State Capitol Building, Salt Lake City, Ut, Tuesday, November 19, 2013 from 3:00 pm to 5:00 p.m.

Committee Members Present: President Wayne Niederhauser, Co-Chairman
Speaker Rebecca Lockhart, Co-Chairman
Senator Gene Davis
Representative Jennifer Seelig

Legislative Audit Staff: John Schaff, Auditor General
Excused Rick Coleman, Deputy Auditor General
Tim Osterstock, Audit Manager
Darin Underwood, Audit Manager
Lynda Maynard, Recording Secretary
Leah Blevins, Perf Audit Supervisor
Matthew Harvey, Sr Perf Auditor
Tim Bereece, Perf Audit Supervisor
Hillary Galvin, Perf Auditor
Richard T. Green, PhD, Professor of Pub Admin,

UofU

Other Interested Parties: John Pierpont, Exec Director, Dept of
Workforce Services (DWS)
Geoffrey Landward, Deputy Director, DWS
Casey Erickson, Deputy Director, DWS
Gina Corma, Utahns Against Hunger
Denice Halverson, WBI
Paul Mash, State Purchasing
Donna Griggs, WBI Citizens Advocate
Kory Cox, UPEA
Audry Wood, UPEA
Antone Clark, *Standard Examiner*
Kimberly Houk, *KUTV Channel 2*
And Others as Listed

1. Call to Order

Speaker Lockhart called the meeting to order at 3:00 p.m.

2. Approval of Minutes

Motion: President Niederhauser made a motion that the minutes from October 15, 2013 Audit Subcommittee meeting be approved. The motion passed unanimously.

3. A Performance Audit of the Department of Workforce Service Work Environment (#2013-13)

Presented by: Leah Blevins, Audit Supervisor

Discussion following Presentation

John Pierpont, Executive Director, Department of Workforce Services (DWS), responded to the audit by explaining the following points—

- o **Eligibility Services Division** - DWS has standardized the work across all operations so that every eligibility worker administers the program they are expected to administer
- o **Performance Review Teams** - insures that standard work is being followed as well as the accuracy of DWS programs; and the quality of delivering programs has improved over the last several periods.
- o **Pay-for-Performance Pilot** - An initiative for DWS to reward staff for producing more work and doing a quality job.

Mr Pierpont said since becoming the Executive Director of DWS he has established four cornerstone principles: Operational Excellence, Implementing the Success Framework, Exceptional Customer Service; Community Connection, to stay connected with the communities across the state and continuing to look for efficiencies in government and effectiveness.

Motion: President Niederhauser made a motion that the Performance Audit of the Department of Workforce Service Work Environment (#2013-13), be referred to the Executive Appropriations Subcommittee, the Social Services Appropriations Subcommittee, and the Economic Development and Workforce Services Standing Committee. The motion passed unanimously.

4. New Audit Request

After a discussion of requested audits and suggestions for new audits, the following motions were made.

Motion: President Niederhauser made a motion that the requests for an audit of the Utah Division of Water Resources be approved with possible clarification on the State Engineer and moved to the Future Audits. The motion passed unanimously.

Motion: President Niederhauser made a motion to approve an audit of the Inner-Local Agency Agreements and moved it to the Future Audits. The motion passed unanimously.

5. Adjournment

Speaker Lockhart adjourned the meeting at 5:00 pm

